

local bodies to contribute except for boundary roads and bridges, these municipalities naturally consider they ought to have some assistance for their main through roads, and it is intended that part of the £250,000 referred to in the foregoing paragraph relating to shires shall be granted to them. This feeling is, however, not general among the municipalities, some of whom informed me that municipalities are quite strong enough to stand alone without any Government assistance at all. There are, however, three classes of municipalities who receive some assistance, viz.—(a) Old municipalities, where the right to a subsidy has not expired; (b) municipalities with added areas; (c) necessitous municipalities. In none of these cases is the assistance considerable.

*(a.) Old Municipalities where the Right to a Subsidy has not expired.*

These are cases of municipalities constituted within fifteen years of the coming into force of the Local Government Act, 1906. Under the Municipalities Act, 1897, each new municipality was entitled to an endowment for fifteen years after its incorporation, and this endowment was, moreover, of a gradually decreasing amount. Thus, for the first five years it got 20s. in the pound, second five years 10s., and the last five years 5s. in the pound per annum on the general rate collected, after which it got nothing. When the Local Government Act, 1906, was passed there were only very few municipalities which were entitled to any subsidy, and as the amounts payable under this heading are now so small, and will soon quite cease, this form of assistance need not further be considered.

*(b.) Municipalities with Added Areas.*

These added areas are simply areas outside municipalities which were added to towns and cities when the shires were delimited in 1907, and which areas were either urban ones or which for some reason could not be conveniently included in any shire. It was recognized in such cases that some assistance ought to be given to the municipality in respect to this added burden, and the law provided that assistance not exceeding 3s. 4d. in the pound might be granted. The actual amount of assistance to be granted was left to the discretion of the Minister, but any claim made under this head is discounted by the fact that when the Local Government Act, 1906, came into operation the land-tax of 1d. in the pound that had hitherto been paid to the Government from such area was remitted. Consequently, a municipality cannot get assistance at all if this remission equals or is greater than the expense caused to the municipality by the inclusion of this added area and by the maintenance of the roads and bridges in the municipality which had hitherto been paid for by Government. In fact, very small sums indeed have been granted under this heading, and these endowments have only been given from year to year, and this question is reconsidered each year, and it is anticipated that with the increase in land values and settlement this form of assistance will soon cease altogether.

*(c.) Necessitous Municipalities.*

There is power under the Local Government Act, 1906, for the Minister to grant a special endowment of 3s. 4d. in the pound to a necessitous municipality; but such municipality cannot get an endowment under this head as well as an endowment under the old law. Neither can it get any endowment at all under this head unless funds for same are voted by Parliament; and before it has any chance whatever of receiving assistance it must give full details as to its work, resources, and management, and must prove at a formal inquiry that *its maximum rate under proper management* is insufficient. The applications under this head are, I understand, very few, and the higher rating now allowed will reduce these applications still more in the future.

*(iii.) NATIONAL WORKS.*

All bridges which cost to construct £2,000 or over, whether in shires or municipalities, may be declared to be national works. If they are so declared, the State constructs and maintains the same, but it does not follow that every bridge costing £2,000 or more is of necessity a national work. It is only in cases where the Government considers the work to be necessary that this is done. In cases where, for some reason or other, the Government will not undertake the work the local authority must do so itself, if it still wants it, no matter what it costs.

In addition to these bridges, any road may be declared to be a national work, but at present only one road—viz., that up Mount Kosciusko—has been so declared.

Public ferries in New South Wales are free, and are maintained by Government.

In addition to these works, the Government occasionally votes money for a few special works. It sometimes makes grants to municipalities in and around Sydney for the improvement of streets. In such cases it is not infrequent that the municipality is required to repay half the amount so spent by a system of deferred payments extending over a long period of years. In the case also of shires, which cannot raise loans except in urban areas, the Government will sometimes provide the money for the improvement or construction of some necessary work, on condition that the amount is repaid by the shire by a system of deferred payments. Municipalities can raise loans for any purpose, and shires can do so for works in urban areas, but before doing so they must in each case first get the approval of the Governor to the plans of the work, as well as to the proposal itself. This at first sight would appear to be a great detriment to the local body, but, strange to say that, with the exception of one municipality, every one I saw in New South Wales strongly supported the wisdom of this practice, as tending to check reckless borrowing, and also because it provides a means whereby the local body could get its plans carefully checked and considered by expert engineers without cost to itself.

In addition to works which the Government construct or maintain in municipalities or shires there is the large district far inland near the western borders of the State, and known as "the Western District," where there are neither shires nor municipalities, and where the country is unsettled and practically uninhabited. Any road or other work in that district must, of course, be constructed and maintained by the Government, but, so far as I could ascertain, very little money is spent there.